



Broomfield & Kingswood Parish Council

Reserve & Budget Policy 2023-2024



Broomfield & Kingswood Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no specified minimum level of reserves that an authority should hold and it is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

Types of Reserves

Reserves can be categorised as general or earmarked.

General Reserves:

- General Reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows.
- It is the Council's policy to hold a minimum of three months expenditure, and a maximum of twelve months expenditure. This will be reviewed annually.
- The Council must retain a sufficient balance to pay one month's salaries to staff.

Earmarked Reserves:

- Renewals – to enable services to plan and finance an effective programme of equipment and infrastructure replacement and planned property maintenance.
- Carry forward of underspend - some services commit expenditure to projects but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.
- Insurance reserve - to enable the Council to meet the excesses of claims not covered by insurance.
- Other earmarked reserves may be set up from time to time to meet known or predicted liabilities.

Earmarked reserves will be established on a "needs" basis, in line with anticipated requirements. Any decision to set up a reserve must be made by the Council. Expenditure from reserves can only be authorised by the Council.

Budget

The Council set the budget based on previous years expenditure and anticipated projects and costs.

The total budget should equal the precept and any reserves. If the budget exceeds the previous year's precept it will be necessary to request an increase in the forthcoming precept.

Chairperson signature:

Date:

RFO signature:

Date:

Adopted: